

# **PUBLIC DISCLOSURE**

October 19, 2015

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Colonial Co-operative Bank**  
Certificate Number: 26556

6 City Hall Avenue  
Gardner, Massachusetts 01440

Division of Banks  
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Boston, Massachusetts 02118

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This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the following conclusions:

- The average loan-to-deposit (LTD) ratio of 87.9 percent is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of home mortgage loans within the assessment area during the evaluation period.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and specifically low- and moderate-income geographies.
- The distribution of home mortgage loans to borrowers of different income levels is reasonable.
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not impact the overall rating.

## SCOPE OF EVALUATION

### *General Information*

This evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated September 10, 2009, to the current evaluation dated October 19, 2015. Examiners used Small Institution Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC) to evaluate Colonial Co-operative Bank's (Colonial Co-operative) CRA performance.

The Small Institution Lending Test evaluates the bank's performance according to the following criteria:

- LTD ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

### *Loan Products Reviewed*

Examiners analyzed home mortgage loans under the Lending Test, as this loan type accounts for a substantial majority of the bank's loan portfolio. Small farm loans were not evaluated as the bank does not originate these loans. Additionally, small business and consumer loans were not considered due to the low volume of originations and the overall small portion of the loan portfolio these represent.

The evaluation considered all home mortgage loans reported on the bank's 2013, 2014, and year-to-date June 30, 2015 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank's 2013 lending performance was compared with aggregate lending data for all HMDA reporting lenders as well as assessment area demographics. Home mortgage lending in 2014, for which aggregate data is not available for comparison, was compared with assessment area demographics and analyzed for trends. The bank originated 61 home mortgage loans totaling \$10.1 million in 2013, 50 loans totaling \$9.7 million in 2014, and 19 loans totaling \$3.4 million in the first two quarters of 2015.

Examiners considered both the number and dollar volume of home mortgage loan originations; however, emphasis is placed on the number of loans. Examiners emphasized the number of loans because it is not influenced by factors including applicant income, or housing value, and provides a better overall indicator of the number of individuals served.

## DESCRIPTION OF INSTITUTION

### ***Background***

Colonial Co-operative is a Massachusetts state-chartered co-operative bank headquartered in Gardner, Massachusetts. The bank primarily serves the City of Gardner and the Town of Winchendon, but also serves other portions of northern Worcester County. The FDIC performed the prior CRA Performance Evaluation using FFIEC Small Institution Examination procedures, which resulted in a “Satisfactory” rating.

### ***Operations***

Colonial Co-operative operates two full-service branches. The main office is located at 6 City Hall Avenue in Gardner. The second branch is located at 1 School Square in Winchendon. The Gardner branch is located in a moderate-income census tract and the Winchendon branch is located in a middle-income census tract. Both branches offer limited hours on Saturdays and drive through banking services. In May of 2012, the bank closed its Baldwinville branch which was located in a middle-income census tract. Alternative delivery methods include a transactional website ([www.colonial4banking.com](http://www.colonial4banking.com)) and telephone banking services.

Colonial Co-operative offers a standard variety of deposit and loan products and services for businesses and individuals. Deposit products include a variety of checking accounts, savings accounts and certificates of deposit. Loan products include consumer, home mortgage and home equity, direct auto loans, and business loans including commercial real estate. Additional services offered by the bank include debit cards, online bill-pay, and business remote deposit. Colonial Co-operative debit card holders are also a part of the Cirrus/Star Network. The bank operates deposit-taking automated teller machines at each branch.

### ***Ability and Capacity***

As of September 30, 2015, the bank had total assets of \$69.6 million, including total loans of \$58.8 million. The loan portfolio, as detailed in the following table, is largely concentrated in 1-4 family residential real estate.

<b>Loan Portfolio Distribution as of September 30, 2015</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	1,779	3.0
Secured by Farmland	0	0.0
1-4 Family Residential	53,213	90.6
Multi-family (5 or more) Residential	1,664	2.8
Commercial Real Estate	1,480	2.5
<b>Total Real Estate Loans</b>	<b>58,136</b>	<b>98.9</b>
Commercial and Industrial	23	0.1
Agricultural	0	0.0
Consumer	526	0.9
Other	71	0.1
Less: Unearned Income	(0)	(0.0)
<b>Total Loans</b>	<b>58,756</b>	<b>100.0</b>

*Source: Reports of Condition and Income (Call Report) as of September 30, 2015.*

Examiners did not identify any financial or legal impediments that would limit the bank's ability to meet the credit needs of its community.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to designate one or more assessment area(s) within which it will focus its lending efforts, and its CRA performance will be evaluated. For purposes of this evaluation, the designated single, contiguous assessment area includes 11 census tracts (CTs) located in the Worcester, MA Metropolitan Statistical Area (MSA) (49340).

### *Economic and Demographic Data*

The bank's assessment area includes 11 CTs representing the municipalities of Ashburnham, Gardner, Hubbardston, Royalston, Templeton, Westminster, and Winchendon. In 2013, the assessment area contained three moderate-income and eight middle-income CTs. There were several changes as a result of revised Office of Management and Budget (OMB) delineations of MSAs and MDs effective beginning in 2014. These changes resulted in a CT distribution as follows: two moderate-income, eight middle-income, and one upper-income CTs. The following table illustrates select demographic information for the assessment area based on 2013 CT designations.

<b>Demographic Information of the Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	11	0.0	27.3	72.7	0.0	0.0
Population by Geography	57,539	0.0	16.8	83.2	0.0	0.0
Housing Units by Geography	22,948	0.0	20.7	79.3	0.0	0.0
Owner-Occupied Units by Geography	15,275	0.0	13.1	86.9	0.0	0.0
Occupied Rental Units by Geography	5,743	0.0	39.4	60.6	0.0	0.0
Vacant Units by Geography	1,930	0.0	25.3	74.7	0.0	0.0
Family Distribution by Income Level	14,399	20.9	18.5	29.0	31.6	0.0
Household Distribution by Income Level	21,018	25.8	16.3	20.0	37.9	0.0
<b>Median Family Income (2010 U.S. Census)</b>		<b>\$75,582</b>	<b>Median Housing Value</b>			<b>\$241,065</b>
<b>FFIEC-Estimated Median Family Income for 2014 Worcester, MA MSA (49340)</b>		<b>\$77,900</b>	<b>Median Gross Rent</b>			<b>\$765</b>
<b>Families Below Poverty Level</b>		<b>5.7%</b>	<b>Unemployment Rate</b>			<b>8.2%</b>
<i>Source: 2010 U.S. Census, and FFIEC-Estimated Median Family Income; (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Based on 2010 U.S. Census data, the assessment area has a total population of 57,539. The FFIEC-estimated median family income, as illustrated in the following table, was used to determine low-, moderate-, middle-, and upper-income designations for individuals and geographies within the assessment area. Previously noted revisions to the OMB delineations of MSAs and MDs resulted in a decrease in median family income between 2013 and 2014.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Worcester, MA MSA Median Family Income (\$00,000)</b>				
2013 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
2014 (\$77,900)	<\$38,950	\$38,950 to <\$62,320	\$62,320 to <\$93,480	≥\$93,480
<i>Source: FFIEC.</i>				

The assessment area contains 22,948 housing units, including 15,275 owner-occupied units. The weighted average median housing value, based on 2010 U.S. Census data, is \$241,065. Additionally, there are a total of 5,743 rental units; the median gross rent in the assessment area is \$765.

Data from the U.S. Bureau of Labor Statistics indicates that the bank’s assessment area had a higher unemployment rate in 2013 (8.2 percent) than both the Commonwealth of Massachusetts (4.6 percent) and the national rate (5.1 percent).

***Competition***

The bank operates in a highly competitive market for credit and financial services. The FDIC Deposit Market Share data, as of June 30, 2015, reveals that 43 financial institutions operate 266 branches within the Worcester, MA MSA, with the top five institutions accounting for 47.3 percent of total market share. Colonial Co-operative ranked 37<sup>th</sup>, with a 0.38 percent deposit market share.

Aggregate lending data shows that a total of 218 lenders originated 3,196 home mortgage loans within the bank’s assessment area in 2013. The top ten lenders include large national and regional banks and credit unions as well as mortgage companies such as GFA Federal Credit Union, IC Federal Credit Union, JP Morgan Chase, Quicken Loans, Wells Fargo, and Workers’ Credit Union. In addition, management considers many of the institutions within close geographical proximity to its branches as its main competitors such as Athol Savings Bank and Fidelity Co-operative Bank. Colonial Co-operative ranked 17<sup>th</sup>, with a 1.44 percent market share.

***Community Contact***

As part of the performance evaluation, examiners contact third-party organizations engaged in community and economic development to aid in identifying the credit needs and availability within the community. Examiners conducted one such community contact with a non-profit community development organization serving a portion of the bank’s assessment area. The organization is a community-based agency responding to the community development needs of the area including affordable housing and revitalization.

The community contact indicated blighted local economic conditions but did not perceive any deficiencies in the availability of credit to low- and moderate-income individuals. The contact identified the need for additional affordable housing units, fair market rental units, and community-wide attention towards the home improvement and revitalization needs of the area.

### ***Credit and Community Development Needs and Opportunities***

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the assessment area. Both the bank and the community contact noted generally weak economic conditions within the assessment area. A need for affordable housing and home improvement financing was identified. Economic data for the assessment area supports this assessment of credit and community development needs. The unemployment rate as compared to the state and national unemployment rates and the median housing value of the assessment area make homeownership difficult to attain for low- and moderate-income individuals and families in this area.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

Colonial Co-operative's average LTD ratio is reasonable given the institution's size, financial condition, and the assessment area's economic conditions and credit needs. The ratio, calculated from Call Report data over the prior calendar quarters from September 30, 2009, to June 30, 2015, averaged 87.9 percent. As detailed in the following table, the bank's LTD was compared with similarly situated institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/15 \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
Athol Savings Bank	\$355,803	65.0
Barre Savings Bank	\$152,983	100.6
<b>Colonial Co-operative Bank</b>	<b>\$67,155</b>	<b>87.9</b>

*Source: Call Reports September 30, 2009 through June 30, 2015.*

The bank's net LTD ratio during this period has fluctuated from a high of 95.6 percent (December 2009) to a low of 82.5 percent (March 2011). During this timeframe, net loans decreased 1.6 percent and deposits decreased 13.1 percent.

At 87.9 percent, the bank's average net LTD is in between the two similarly situated institutions. Based on the above information and the bank's capacity to lend, types of loans available at the bank, and the lending opportunities available, the bank's LTD ratio is reasonable.

### **Assessment Area Concentration**

The bank made a majority of home mortgage loans by number, and less than a majority by dollar volume, within the assessment area. The decreasing percentage of loans made inside the assessment area is consistent with the overall decreasing volume of loans during the evaluation period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2013	34	55.7	27	44.3	61	4,387	43.4	5,714	56.6	10,101
2014	23	46.0	27	54.0	50	2,824	29.0	6,902	71.0	9,726
2015*	10	52.6	9	47.4	19	1,175	34.3	2,250	65.7	3,425
<b>Total</b>	<b>67</b>	<b>51.5</b>	<b>63</b>	<b>48.5</b>	<b>130</b>	<b>8,386</b>	<b>36.1</b>	<b>14,866</b>	<b>63.9</b>	<b>23,252</b>

Source: 2013-2015 HMDA Reported Data.  
\*2015 data includes January 1, 2015 – June 30, 2015

### Geographic Distribution

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As the bank’s assessment area does not contain any low-income CTs, examiners focused on the percentage by number of loans in moderate-income CTs.

As detailed in the following table, the bank’s lending within moderate-income geographies in 2013 is consistent with both aggregate lending performance and the percentage of owner-occupied housing units in these geographies. In 2014, the bank originated one loan in a moderate-income geography. The review of the first two quarters of 2015 revealed that no loans were made in moderate-income CTs.

Considering the lending in relation to the demographics and the aggregate data, the bank’s performance is reasonable.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2013	13.1	11.3	4	11.8	406	9.2
2014	5.9	--	1	4.4	110	3.9
Middle						
2013	86.9	88.7	30	88.2	3,981	90.8
2014	81.4	--	19	82.6	2,271	80.4
Upper						
2013	0.0	0.0	0	0.0	0	0.0
2014	12.7	--	3	13.0	443	15.7
<b>Totals</b>						
<b>2013</b>	<b>100.0</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>4,387</b>	<b>100.0</b>
<b>2014</b>	<b>100.0</b>	<b>--</b>	<b>23</b>	<b>100.0</b>	<b>2,824</b>	<b>100.0</b>

Source: 2010 U.S. Census; 2013 and 2014 HMDA Reported Data; 2013 Aggregate Data; "--" data not available

## **Borrower Profile**

The distribution of loans reflects reasonable penetration to borrowers of different income levels. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

The bank's performance of lending to low-income borrowers in 2013 far exceeded aggregate data, and was in line with demographics. In 2014, there was a decline in the percentage of loans to low-income borrowers and an increase in lending to moderate-income borrowers. The percentage of loans originated to low-income borrowers in 2014 was below the percentage of low-income families in the assessment area. However, in 2014, there was an increase in the percentage of loans originated to moderate-income borrowers. This percentage is above the percentage of moderate-income families in the assessment area.

In the first two quarters of 2015, the bank originated 10.0 percent of its loans to low-income borrowers, and 30.0 percent of its loans to moderate-income borrowers. This reflects a consistent trend of lending to low- and moderate-income borrowers, and provides further support to the overall conclusion.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2013	20.9	11.3	7	20.5	601	13.7
2014	20.1	--	2	8.7	120	4.3
<b>Moderate</b>						
2013	18.5	26.7	9	26.5	1,064	24.3
2014	17.6	--	12	52.2	1,413	50.0
<b>Middle</b>						
2013	29.0	24.8	9	26.5	1,268	28.9
2014	28.6	--	4	17.4	495	17.5
<b>Upper</b>						
2013	31.6	25.2	9	26.5	1,454	33.1
2014	33.7	--	4	17.4	583	20.6
<b>Income Not Available</b>						
2013	0.0	12.0	0	0.0	0	0.0
2014	0.0	--	1	4.3	213	7.6
<b>Total</b>						
<b>2013</b>	<b>100.0</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>4,387</b>	<b>100.0</b>
<b>2014</b>	<b>100.0</b>	<b>--</b>	<b>23</b>	<b>100.0</b>	<b>2,824</b>	<b>100.0</b>
<i>Source: 2010 U.S. Census; 2013 &amp; 2014 HMDA Reported Data; 2013 HMDA Aggregate Data; "--" data not available</i>						

### **Response to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not impact the bank's CRA rating.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

**APPENDIX A  
DIVISION OF BANKS**

**Fair Lending Policies and Practices**

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

Based on a review of the bank’s public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

**Minority Application Flow**

The bank’s HMDA LARs for 2013 and 2014 were reviewed to determine if the application flow from different minority groups within the bank’s assessment area was reflective of the assessment area demographics.

The bank’s residential lending in 2013 was compared to the 2013 aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank’s minority application flow as well as a comparison to aggregate lending data within the bank’s assessment area.

<b>Minority Application Flow</b>					
<b>RACE</b>	<b>Bank 2013</b>		<b>2013 Aggregate Data</b>	<b>Bank 2014</b>	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	0	0.0	0.7	0	0.0
Black/ African American	0	0.0	0.6	0	0.0
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0
2 or more Minority Races	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	0	0.0	1.3	1	3.2
<b>Total Minority</b>	<b>0</b>	<b>0.0</b>	<b>3.1</b>	<b>1</b>	<b>3.2</b>
White	46	100.0	82.4	30	96.8
Race Not Available	0	0.0	14.5	0	0.0
<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	0	0.0	1.7	0	0.0
Not Hispanic or Latino	46	100.0	82.2	31	100.0
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.2	0	0.0
Ethnicity Not Available	0	0.0	14.9	0	0.0
<b>Total</b>	<b>46</b>	<b>100.0</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>
<i>Source: U.S. Census 2010, HMDA LAR Data 2013 and 2014, HMDA Aggregate Data 2013</i>					

According to the 2010 U.S. Census data, the bank's assessment area has a population of 57,539, of which 8.4 percent are minorities. The assessment area's minority population includes 0.1 percent American Indian, 1.2 percent Asian/Pacific Islander, 1.4 percent Black, 4.1 percent Hispanic, and 1.4 percent other race.

In 2013, the bank received 46 HMDA reportable loan applications within its assessment area. Of these applications, none were received from racial minority applicants. The aggregate performance revealed 3.1 percent of applications were received from minorities. In 2013 and 2014, the bank did not receive any applications representing the Hispanic or Latino ethnic group. The 2013 aggregate performance was at 1.7 percent.

In 2014, the bank received 31 HMDA reportable loan applications. Of these applications, one was received from a racial minority applicant, which resulted in an origination.

Aggregate lending performance and assessment area demographics illustrate a limited opportunity to lend to minority applicants. The bank's minority application flow is considered adequate.

## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Areas (CBSAs):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Non-metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and non-metropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.